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**Understanding how the different markets work: daytrading
Nasdaq vs listed (NYSE) stocks**

Back to
MODULE 1

● **Main Points:**

- In selecting stocks to trade, do not neglect the entire listed / NYSE market. Listed stock plays can be profitable, with the added advantage that those who do not yet have level 2 are still on a 'level playing field' with other traders. Most daytraders play Nasdaq tech stocks, however (as you'll see later) there are many other profitable stocks to play that are out of the limelight and still have enough volume and volatility to provide profitable daytrading opportunities.
- In general, Nasdaq stocks move with slightly more volatility due to daytraders' influence, and are thus 'more exciting' and can be more profitable. Beginning traders are recommended to play stocks in both markets, using market volatility and volume indicators as suggested later in the module.

Examples:

Daytrading Stock Market:

NASDAQ

NYSE

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- Many daytrading stocks to play
- High volatility in select stocks
- Level 2 provides substantial advantage in Nasdaq trading if you have streaming Level 2 quotes
- Rapid trade executions
- Fast moving stocks are available to play; along with IPO opportunities
- Most hi-tech growth stocks are in the Nasdaq, providing high-percentage trade opportunities with technology stocks to play
- Shadowing the ax on Level 2 works

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- Slower moving stocks give you time to enter and exit trades without hurrying
- No Level 2 means all traders on a relatively level playing field
- Less volatility also means a lower-risk, (albeit lower-reward) trading field to start in.
- Charting and technical analysis works just as well for listed as Nasdaq stocks; chart patterns are profitable to play in NYSE stocks.

Volatilities

- Volatility and speed can ruin your trading capital if you don't know what you're doing
- Level 2 provides substantial disadvantage for those who do not have it. Intraday Nasdaq traders are encouraged to try a level 2 service to see the difference.
- The most experienced traders in the world trade Nasdaq stocks; you are going against the best of the best, who want to take your money.
- PROFITABLE NASDAQ TRADING: depends on playing selected stocks (using Level 2 if possible) for quick momentum plays, buying on the bid and selling on the ask for scalps and large moves.
- PROFITABLE NYSE TRADING: depends on your ability and patience to know technical analysis and chart patterns, trading ranges and how to enter and exit with carefully placed limit orders.
- Less volatility means your trading percentages will be lower in general daytrading NYSE stocks.
- Slower trade execution by specialists mean you may not get the best price available, losing 1-2 spreads per trade and getting filled more slowly.

In Summary: Try both markets - in general, the NYSE stocks w/good volume (>400K) are relatively easy to play, while the Nasdaq stocks have lots of volatility and intraday price movement. Listed stocks slower on news and earnings/M&A reports than Nasdaq stocks do, so you have more time to manage your trades with listed stocks. Try both!



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